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chants' shops are, in a sense, incomplete until they are sold. They are the shopkeeper's raw materials. When they are sold, however, the consuming process begins. Particular articles for consumption that fall within the category of savings have no duration in that condition. In the prevalent nomenclature, they are the merchant's capital till they become the laborer's wages. Yet, in the author's view, savings are let for hire, although they are not capital. The rate of payment for the use of savings depends partly, but not wholly, on the productivity of capital.

What is proved by this study is the fact that the problem of interest cannot be solved by a mere study of capital goods. Business men think of capital as a permanent sum, expressible in terms of money, but not consisting of money. By a figure of speech they call interest a payment for the use of "money." By a different dialectical process Professor Pareto resolves the payment for loans into a compensation for the use of savings. In both cases something figures in the interest problem besides particular tools and materials concretely conceived.

J. B. CLARK.

*Das Einkommen und seine Vertheilung.* Von Dr. FRIEDRICH KLEINWÄCHTER. Leipzig, C. L. Hirschfeld, 1896. — 352 pp.

Dr. Kleinwächter's work constitutes the fifth volume of the *Hand- und Lehrbuch der Staatswissenschaften in Selbständigen Bänden*. It treats the general subject of distribution in a thorough and comprehensive manner. For a German work the style is remarkably clear and simple, the explanations are full and the illustrations are numerous and well chosen; so that even the beginner need have no difficulty in understanding the author's treatment of this most difficult department of political economy. In fact, if any criticism were ventured upon the manner of presentation, it would be that in some places the author is a trifle prolix in illustration. Why should it be necessary — to choose a single example — to devote two pages and a half to the distinction which everybody sees at a glance between nominal and real wages (*Geld- und Naturallohn*)?

The English-speaking reader is at a disadvantage in not having in general use an equivalent of the word *Einkommen*, as it is used by the author. While it is manifest that he discusses precisely the same question which American writers have discussed under the title of the distribution of wealth, it is equally evident that the German expression is in some respects preferable. It is not the

wealth of the community, but what the community produces during a given period, with which the problem of distribution has properly to do.

After the manner of Roscher and other German economists, the author is historical and critical as well as constructive in his treatment of every part of his subject. The reader is led up to a proper concept of a national income (*Volkseinkommen*) by a sketch of the past attempts to arrive at such a concept. The idea was first developed by the Mercantilists, to whom it meant simply the excess of a nation's receipts of the precious metals over its expenditures thereof. With the Physiocrats it was supposed to consist in the value of the national products over and above the cost of producing them — the so-called net product. From this error even Adam Smith and his followers did not succeed in entirely emancipating themselves. Some of the later German economists have fully appreciated the difficulty of arriving at a correct concept, and have suggested two methods for measuring the amount of the national income: (1) the so-called "real method," which is based on an aggregate of the products of the national industry; and (2) the so-called "personal method," based on the aggregate of all the individual incomes. It is apparent that neither method is capable of practical application; but the statement of them and a consideration of the difficulties involved in using them may help to a correct concept of the true national income. The "real method" is impracticable, because it would be impossible, where there are several stages in the production of the finished article, to avoid counting many products twice or oftener. The "personal method" is impossible, because no one can tell what his real income is, or how much he is benefited by the national industry.

Dr. Kleinwächter's discussion of rent, interest, wages and profits contains little that is new except the manner of presentation. But it must be said that nowhere else will one find all the latest developments in economic theory so well summed up as in the volume before us. The universality of the law of diminishing returns is clearly set forth; the rate of wages is shown to be governed by the demand for and the supply of labor; the demand for labor is shown to rest upon its productivity, and the supply of labor to depend upon the cost of producing it, that is, upon the standard of living of the laborers; the supply of capital is shown to depend upon saving and the rate of interest to depend therefore upon the subjective cost involved in saving. Profits are shown to arise from the ability to foresee and

avoid dangers and risks which the average man has not the courage to face or the skill to avoid.

The volume closes with a very complete bibliography, covering every phase of the subject. On the whole, there is probably, at the present time, no single work that will better repay reading by the student who wishes to gain a comprehensive view of the subject of distribution.

T. N. CARVER.

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*Der Arbeiterschutz: Seine Theorie und Politik.* Von Dr. KUNO FRANKENSTEIN. (Hand- und Lehrbuch der Staatswissenschaften. 1. Abteilung: Volkswirtschaftslehre, 14. Band.) Leipzig, C. L. Hirschfeld, 1896.—x, 384 pp.

Dr. Frankenstein says the object of his book is twofold: to serve as a text-book on the subject of protection for the laboring class, and to indicate to the layman the present legal status of such protection in the leading countries of the world. He does not aim to present a picture of the social status of the laboring man, as he deems insufficient the material at present available. He also touches but lightly on the history of social progress, as a separate volume on this subject is promised for this same series.

The different elements contributing to the material and moral aid of the laboring class are grouped as follows: (1) the state as protector; (2) self-help by means of trades-unions, coöperative societies, *etc.*; (3) the influence of special social institutions, such as the family, the schools and the church; (4) all the varied forms of charity for their relief, entertainment and elevation. Dr. Frankenstein is an ardent defender of the *Katheder-Sozialisten* and apparently a disciple of Schäffle. He would have the state regulate hours of employment, periods of rest, *etc.*, not only for women and children, but also for men. In his judgment a working day of eleven hours would at the present time be feasible for Germany without injury to the entrepreneur, while a further reduction to ten hours is possible. He advocates radical legislation for securing rest from labor on Sunday; for all the recent agitation and law-making on that subject in Germany seem to him but a step in the right direction and far within the limits of what ought to be done. From these few examples of his views on the duties of the state toward the laboring class, it may be seen that Dr. Frankenstein belongs to the ever-increasing army of